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IRS ISSUES WINTER STATISTICS OF INCOME BULLETIN

WASHINGTON--The Internal Revenue Service reported today that the number of tax returns of all kinds to be filed this year will reach 231.4 million. This number is expected to increase to 250.9 million six years from now. Over 26 percent of the 127.5 million individual income tax returns expected in 2000 will be filed electronically. This percentage should grow to 38 in 2006. These data are published in the recently released Winter 1999-2000 issue of the quarterly *Statistics of Income Bulletin*.

A second article presents a further analysis of individual income tax returns for tax year 1997. It notes that there were 1.8 million returns with an adjusted gross income of \$200,000 or more for that year, which was 19 percent more than for 1996. Due to a combination of allowable adjustments to income, as well as deductions and credits against tax, 1,189 of these returns showed no U.S. income tax liability, compared to 1,044 the year before. Overall though, a large proportion of high-income taxpayers was subject to tax on a major share of total income. For example, the tax on half of the returns exceeded 25 percent of adjusted gross income. The 1997 statistics on high-income taxpayers are, however, based on returns not yet subject to IRS examination.

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Another article reveals that in 1995 there were nearly 1.6 million living individuals whose net worth was at least \$1 million. About 29 percent were residents of either California, New York or Florida, in that order. The number of living top wealth holders, including the number of millionaires, was estimated based on the assets reported for decedents on estate tax returns. In total, there were 4.4 million top wealth holders (those with gross assets of \$600,000 or more, the estate tax return filing threshold in 1995). This number was 2.5 percent of the total U.S. adult population. About 2.8 million were men and 1.6 million were women. The total assets of these individuals exceeded \$6.7 trillion, nearly 27.4 percent of total U.S. personal wealth as estimated by the Federal Reserve Board. While the number of top wealth holders increased over time, the percentage of wealth held by the top 1.0 percent and top 0.5 percent did not change significantly between 1989 and 1995, suggesting that wealth concentration in the United States was relatively stable over these years.

A fourth article reports that the U.S.-source income paid to foreign persons in 1997 was \$132.8 billion, an increase of nearly 18 percent over 1996. This total includes payments made to foreign corporations, but excludes bank deposit interest and certain income connected with U.S. business operations. Despite the increase in income paid during 1997, the \$2.5 billion in U.S. tax withheld by income payers was down slightly compared to 1996. Payments made to Japanese persons during 1997 grew 27 percent to \$39.6 billion, but those to persons in the United Kingdom, the second largest recipient country, dropped nearly 11 percent to \$20.5 billion. Together these two countries

accounted for almost half of the total.

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The final article indicates that the number of nonprofit, tax-exempt charitable organizations (excluding private foundations) filing tax returns for 1996 reached 192,000. Another 462,000 such organizations did not have to file a return because they were either too small or were churches or other religious organizations. Those filing returns reported \$0.7 trillion in revenue, up 6 percent over 1995, and assets that totaled \$1.3 trillion.

The *Bulletin* also includes historical data on income, deductions, and tax reported on returns filed by individuals, corporations, and unincorporated businesses, with selected data presented for estates. Statistics are also presented on tax collections and refunds for recent years.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$30 (\$37.50 foreign), single issues cost \$19 (\$23.75 foreign). For more information about these data, write the Director, Statistics of Income (SOI) Division, OP:RS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608, check the World Wide Web at <http://www.irs.gov>, or telephone the SOI statistical information services office at (202) 874-0410, by fax, (202) 874-0964.

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Editor=s note: See attached *Statistics of Income Bulletin* order form.